

HOUSE BILL REPORT

HB 2994

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to promoting renewable energy in Washington.

Brief Description: Promoting renewable energy.

Sponsors: Representatives Takko, Crouse, Hasegawa, VanDeWege, Roberts, Hankins and Haler.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/29/08, 2/5/08 [DPS].

Brief Summary of Substitute Bill

- Establishes the Renewable Energy Production Incentive Act.
- Provides production incentive payments to the owner of a qualified renewable energy facility for generation of electricity.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Hankins, Herrera, Hudgins, Hurst, Kelley, Morris, Takko and Van De Wege.

Staff: Scott Richards (786-7156).

Background:

The federal Renewable Energy Production Incentive (REPI) provides financial incentive payments for electricity produced and sold by new qualifying renewable energy generation facilities. Qualifying facilities are eligible for annual incentive payments of 1.5 cents per kilowatt-hour (in 1993 dollars and indexed for inflation) for the first 10-year period of their

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operation. These payments are subject to the availability of annual appropriations by the federal government in each federal fiscal year.

The REPI was originally authorized under the Energy Policy Act of 1992 and re-authorized under the Energy Policy Act of 2005 for fiscal years 2006 through 2026. The Energy Policy Act of 2005 expanded the list of eligible technologies and facilities owners.

Eligible electric production facilities include not-for-profit electrical cooperatives, public utilities, state governments, commonwealths, territories, possessions of the United States, the District of Columbia, tribal governments, or native corporations that sell the project's electricity to someone else.

Qualifying facilities must use solar, wind, geothermal (with certain restrictions), or biomass (excluding municipal solid waste combustion), landfill gas, livestock methane, or ocean (tidal, wave, current, and thermal) generation technologies. Fuel cells using hydrogen derived from eligible biomass facilities are also considered an eligible technology.

If there are insufficient appropriations to make full payments for electric production from all qualified facilities for a fiscal year, 60 percent of appropriated funds are to be assigned to facilities that use solar, wind, ocean, geothermal, or closed-loop biomass technologies; and 40 percent of appropriated funds for the fiscal year to other projects.

Investor Owned Utilities (IOUs) are eligible for a Renewable Energy Production Tax Credit payment under a separate section of the Energy Policy Act of 1992.

Summary of Substitute Bill:

This act known as the Renewable Energy Production Incentive (REPI) Act provides payments, made by the State of Washington, to the owner of any qualified renewable energy facility of 1.5 cents per kilowatt hour (adjusted for inflation) of electricity generated by the facility.

The amount of the state REPI payment is reduced by the amount the owner of a qualifying renewable energy facility receives from the federal REPI program.

The state shall make payments to the owner of a qualified renewable energy facility only for the duration that the facility is eligible to receive federal REPI payments. If a facility is currently in operation as of the effective date of this section, the state shall make payments to the owner of a qualified renewable energy facility for the remaining time the facility is eligible to receive federal REPI payments.

The term "qualified renewable energy facility" means a qualified renewable energy facility that is eligible for the REPI under 42 U.S.C. Section 13317 as of January 3, 2005.

Substitute Bill Compared to Original Bill:

The amount of a state REPI payment must be reduced by the amount received from the REPI program for the same time period.

An owner of a qualifying renewable energy facility may only receive state REPI payments for the period that the facility is eligible to receive federal REPI payments.

The state must make payments to the owner of any qualified renewable energy facility if funds are appropriated and available for this purpose.

The requirement making the Department of Community, Trade and Economic Development responsible for determining the eligibility of a facility for the state REPI payment is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This bill promotes the development of renewable energy resources by public utilities. It provides similar renewable energy production incentives available to private utilities through federal production tax credits. Eligible public power renewable energy projects are not receiving full payments from the federal government through the federal REPI program. In 2002 REPI payments were fully appropriated by Congress. Since then the amount the federal government has paid for renewable energy has been decreasing. The lack of federal funding is threatening to reduce public power development of renewable energy facilities.

(Opposed) None.

Persons Testifying: Representative Takko, prime sponsor; Jack Baker, Energy Northwest; Jim Rowland, Okanogan Public Utility District; Yoshe Revelle; Carrie Dolwick, Northwest Energy Coalition; and Marian Wineman, League of Women Voters Washington.

Persons Signed In To Testify But Not Testifying: None.